

SENATE BILL REPORT

SB 5388

As Reported By Senate Committee On:
Economic Development, Trade & Management, February 7, 2007

Title: An act relating to financing economic development offices.

Brief Description: Authorizing the use of local retail taxes to finance economic development offices.

Sponsors: Senators Sheldon, Kilmer, Clements, Morton, Schoesler and Shin.

Brief History:

Committee Activity: Economic Development, Trade & Management: 1/31/07, 2/07/07 [DPS].

SENATE COMMITTEE ON ECONOMIC DEVELOPMENT, TRADE & MANAGEMENT

Majority Report: That Substitute Senate Bill No. 5388 be substituted therefor, and the substitute bill do pass.

Signed by Senators Kastama, Chair; Kilmer, Vice Chair; Zarelli, Ranking Minority Member; Clements, Kauffman and Shin.

Staff: Jacob White (786-7448)

Background: A rural county may impose a sales and use tax up to 0.08 percent. A rural county must have an average population density of less than 100 residents per square mile or be smaller than 225 square miles. The funds collected under this tax are deducted from the amount of tax that would otherwise be collected by the Department of Revenue. Funds collected through this tax must be used to finance public facilities serving economic development purposes in rural counties.

Summary of Bill: Funds collected through the rural county 0.08 percent sales and use tax may be used to finance economic development officers. An economic development officer is defined as a person employed by a county or an associate development organization, who promotes economic development purposes within the county.

EFFECT OF CHANGES MADE BY RECOMMENDED SUBSTITUTE AS PASSED COMMITTEE (Economic Development, Trade & Management): "Officer" is changed to "Office" in order to allow the funds to accommodate not only the economic officer but administrative staff as well.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

Funds are allowed to go the economic development office staff, instead of just to the economic development officer.

Port districts are eligible to receive the funds collected through the rural county 0.08 percent sales and use tax to promote economic development purposes within the county

Appropriation: None.

Fiscal Note: Available.

Committee/Commission/Task Force Created: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony: PRO: Economic Development Organizations (EDOs) have been very helpful to educating the business communities, creating new jobs and attracting new businesses to rural counties. Without the funds provided for by this 0.08 percent tax it would be impossible for many communities to pay for an EDO and some counties may be unable to support their Economic Development Councils.

OTHER: Port districts should be added to the list of those who the county could contract with to provide the economic development officer. The parameters for which the 0.08 money is intended should be further defined in order to protect the original intention of the funds.

Persons Testifying: PRO: Dennis Bly, Ted Hopkins, Lincoln County Commission; Mary Lou Peterson, Okanogan County Commission.

OTHER: Ginger Eagle, Washington Public Ports Association.